



Eau Claire District Library

11-8004

Financial Report

July 31, 2004

RENDEL ELIE

— & —

ASSOCIATES PLC

CERTIFIED PUBLIC ACCOUNTANTS

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Eau Claire District Library	County Berrien
Audit Date 7/31/04	Opinion Date 12/13/04	Date Accountant Report Submitted to State: 1/11/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Governmental Accounting System for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Rendel Elie & Associates PLC, CPA's			
Street Address 1010 Main Street	City St. Joseph	State MI	ZIP 49085
Accountant Signature <i>Rendel Elie, CPA</i>		Date 1/11/05	

Eau Claire District Library

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RENDEL ELIE
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ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Library Board
Eau Claire District Library
Eau Claire, Michigan

We have audited the accompanying basic financial statements of the Eau Claire District Library as of July 31, 2004 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Eau Claire District Library as of July 31, 2004 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information listed in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Eau Claire District Library. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RENDEL ELIE
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ASSOCIATES PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report (continued)

The management discussion and analysis included in the financial section of the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Eau Claire District Library. We did not examine this data and, accordingly, do not express an opinion thereon.

As discussed in Note 1, the Library adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant fund, as well as in total on the full accrual basis of accounting.

Rendel Elie & Associates
RENDEL ELIE & ASSOCIATES, PLC
CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2004

Eau Claire District Library
Management's Discussion and Analysis
July 31, 2004

Using this Annual Report

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *government-wide financial statement* columns provide both *long-term* and *short-term* information about the Library's *overall* financial status. The statement of net assets and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

**Eau Claire District Library
Management's Discussion and Analysis
July 31, 2004**

Condensed Financial Information

The table below compares key financial information in a condensed format in thousands of dollars. Comparative data will be shown in future reports.

	<u>2004</u>
Current assets	\$ 130.3
Capital assets	<u>532.5</u>
Total assets	<u>662.8</u>
Long-term debt	140.8
Other liabilities	16.2
Net assets:	
Invested in capital assets, net of related debt	391.7
Restricted for donor-restricted purpose	9.3
Unrestricted	<u>104.8</u>
Total net assets	<u>\$ 505.8</u>
Revenue:	
Property taxes	\$ 110.1
Other	<u>103.6</u>
Total revenue	213.7
Expenses – library services	<u>196.5</u>
Changes in net assets	<u>\$ 17.2</u>

**Eau Claire District Library
Management's Discussion and Analysis
July 31, 2004**

The Library as a Whole

- The Library's net assets increased by \$17,258 this year. The primary reason for the increase is due to an increase in penal fines received, which increased 20% from the prior year.
- The Library's primary source of revenue is from property taxes, which represents 52% of total revenue as compared to 54% in the prior year.
- Salaries and fringe benefits continue to be a significant expense of the Library, representing 41% of the Library's total expenses. A decrease in staff contributed to a decrease of \$3,433 in salary and fringe benefit expenses over the prior year.
- The Library's circulation numbers increased during 2004. The total circulation for 2004 was 30,543, which was 1,148 more items than the prior year.

The Library's Fund

Our analysis of the Library's major fund is included on page 7 and 8 in the first column of the statement. The fund column provides detailed information about the most significant fund, the General Fund. The Library Board has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities, such as special property tax millages. The Library's major fund consists solely of the General Fund.

The fund balance of the General Fund decreased during the current year by \$11,618. The decrease was in line with the final amended budget.

Debt service, consisting of principal and interest, was the largest use of resources during the current fiscal year. Debt service has become a significant expenditure as a result of the 2002 building addition, which was financed by a \$200,000 bank note.

**Eau Claire District Library
Management's Discussion and Analysis
July 31, 2004**

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendments occurred in capital outlay and debt service.

The increase in the budgeted amounts for capital outlay was the result of additions in furniture and equipment associated to the building addition.

The increase in the budgeted amounts for debt service was the result of additional payments to the principal balance of the bank note.

Capital Assets and Debt Administration

At the end of the fiscal year, the Library had \$866,000 invested in land, building, furniture and equipment, and books and materials. The library added \$31,901 in capital assets consisting of \$6,922 of land improvement, \$11,300 of furniture and equipment, and \$13,679 in new collection items including new books and audio/visual materials.

No new debt was issued during the fiscal year. The Library's indebtedness for the building addition was \$140,761 on July 31, 2004.

Eau Claire District Library
Governmental Fund Balance Sheet / Statement of Net Assets
July 31, 2004

	General Fund		Statement of
	Modified		Net Assets
	<u>Accrual Basis</u>	<u>Adjustments</u>	
Assets			
Cash	\$ 105,020	\$ -	\$ 105,020
Certificate of deposit	21,325	-	21,325
Note receivable	1,200	-	1,200
Prepaid expenses	2,725	-	2,725
Fixed assets, net	-	532,502	532,502
Total assets	<u>\$ 130,270</u>	<u>\$ 532,502</u>	<u>\$ 662,772</u>

Liabilities			
Accounts payable	\$ 3,588	\$ 3,461	\$ 7,049
Salaries & benefits payable	4,073	-	4,073
Compensated absences:			
Expected to be paid within one year	-	1,377	1,377
Expected to be paid after one year	-	3,680	3,680
Long-term debt:			
Due within one year	-	12,341	12,341
Due after one year	-	128,420	128,420
Total liabilities	<u>7,661</u>	<u>149,279</u>	<u>156,940</u>

Fund Balance/Net Assets			
Fund balance - designated for capital improvement	34,633	(34,633)	-
Fund balance - restricted for donor-restricted purpose	9,252	(9,252)	-
Fund balance - unrestricted	78,724	(78,724)	-
Total fund balance	<u>122,609</u>	<u>(122,609)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 130,270</u>		

Net assets:			
Invested in capital assets, net of debt		391,741	391,741
Restricted for donor-restricted purpose		9,252	9,252
Unrestricted		<u>104,839</u>	<u>104,839</u>
Total net assets		<u>\$ 505,832</u>	<u>\$ 505,832</u>

See auditors' report and notes to financial statements.

Eau Claire District Library
Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance /
Statement of Activities
Year Ended July 31, 2004

	General Fund Modified <u>Accrual Basis</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
Revenues:			
Property taxes	\$ 110,133	\$ -	\$ 110,133
Penal fines	85,133	-	85,133
State aid	8,342	-	8,342
Fees and book fines	2,754	-	2,754
Interest	428	-	428
Contributions and donations	4,733	-	4,733
Community room rental	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Total revenue	213,723	-	213,723
Expenditures:			
Salaries and fringe benefits	92,133	5,058	97,191
Capital outlay	14,762	(14,762)	-
Library books and materials	13,678	(13,678)	-
Repairs and maintenance	8,250	-	8,250
Utilities	11,771	-	11,771
Professional services and dues	6,032	-	6,032
Office and library supplies	13,071	-	13,071
Insurance and bonds	5,609	-	5,609
Conventions and workshops	860	-	860
Depreciation	-	44,370	44,370
Miscellaneous	491	-	491
Debt service:			
Principal	49,864	(49,864)	-
Interest	<u>8,820</u>	<u>-</u>	<u>8,820</u>
Total expenditures	<u>225,341</u>	<u>(28,876)</u>	<u>196,465</u>
Excess of Revenue over Expenditures /			
 Change in Net Assets	(11,618)	28,876	17,258
Fund Balance/Net Assets - beginning of year	<u>134,227</u>	<u>354,347</u>	<u>488,574</u>
Fund Balance/Net Assets - end of year	<u>\$ 122,609</u>	<u>\$ 383,223</u>	<u>\$ 505,832</u>

See auditors' report and notes to financial statements.

**Eau Claire District Library
Notes to Financial Statements
July 31, 2004**

Summary of Significant Accounting Policies

The accounting policies of the Eau Claire District Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Library's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements, including notes to the financial statements.

Reporting Entity

Eau Claire District Library is a Class III public library. The Library serves a population of 7,549 patrons from the Village of Eau Claire, and the Townships of Berrien, and Pipestone.

The Library is defined as a governmental unit under criteria set forth by AICPA'S Audits of State and Local Governmental Units (ASLGU). These criteria include; a Board of Trustees consisting of representative members appointed or elected from the governmental units served and, the power to enact and enforce a tax levy.

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

**Eau Claire District Library
Notes to Financial Statements
July 31, 2004**

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in four parts – invested in capital assets; designated net assets; restricted net assets; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to library patrons who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Eau Claire District Library
Notes to Financial Statements
July 31, 2004**

Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenue to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, penal fines, and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the Library receives cash.

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Financial Statement Amounts

Bank Deposits and Investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – Property taxes are levied on December 1st based on the taxable valuation of the property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Eau Claire District Library
Notes to Financial Statements
July 31, 2004

Summary of Significant Accounting Policies (continued)

The Library receives an advance from the Berrien County Revolving Fund for delinquent property taxes. The County collects the delinquent property taxes on behalf of the Library.

Capital Assets – Capital assets are defined by the Library as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Furniture and equipment	5-10 years
Improvements	10-20 years
Library books and materials	3-10 years

Compensated Absences (Vacation and Sick Leave) – It is the library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vacation and sick leave accrues to full-time, permanent employees to specified maximums.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subjective to changes.

Risk Management - The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for employee health, property, liability and workers' compensation.

Eau Claire District Library
Notes to Financial Statements
July 31, 2004

Summary of Significant Accounting Policies (continued)

Property Taxes – On August 6, 1996, the electors of the library district, the Eau Claire District Library serves, approved a millage on the taxable property in the district for a period of twenty years. Berrien and Pipestone Townships collect and pay the tax revenues to the Library as collected.

Budget Information

The annual budget is prepared by the Library Director and adopted by the Library Board; subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statement (combined statement of revenue, expenditures and changes in fund balances – budget and actual – general fund types) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law. A comparison of the actual results of operations of the General Fund budget, as adopted by the Library Board, is available at the library for inspection.

Cash and Investments

State statutes authorize the Library to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investments vehicles legal for direct investment by local units of government in Michigan. The Library is in accordance with statutory authority. The Library has designated a local bank for the deposit of its funds. Its cash and cash equivalents consist of various interest bearing savings accounts, checking accounts and certificates of deposit.

**Eau Claire District Library
Notes to Financial Statements
July 31, 2004**

Fixed Assets

A summary of changes in general fixed assets:

	Beginning of year <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	End of year <u>Balance</u>
Building	\$ 505,783	\$ -	\$ -	\$ 505,783
Improvements	36,976	6,922	-	43,898
Furniture and equipment	229,110	11,300	-	240,410
Book collection	<u>62,672</u>	<u>13,679</u>	-	<u>76,351</u>
Total	834,541	31,901	-	866,442
Accumulated depreciation	<u>(289,570)</u>	<u>(44,370)</u>	-	<u>(333,940)</u>
Net book value	<u>\$ 544,971</u>	<u>\$ (12,469)</u>	<u>\$ -</u>	<u>\$ 532,502</u>

Book Collection

The circulating library book collection and materials is capitalized. Accessions are accounted for in the year acquired. The Library follows a policy of periodically removing books that are in poor condition, not in demand, and/or no longer current. The net increase to the circulating collection during the year ended July 31, 2004 was 1,148 units. The estimated replacement value of the circulating collection at July 31, 2004, was \$335,585.

Long-term Debt

Debt service requirements - On August 6, 2002 the Library entered into an agreement to finance the construction of the building addition. The terms are payable in monthly installments over a 15 year period, at 4.69% for the initial five years. The interest rate will be recalculated at five-year intervals to equal the current five-year US Treasury bill rate, plus 40 basis points. The following is a summary of changes in long-term debt for the fiscal year ended July 31, 2004:

	Balance <u>Beginning of year</u>	Principal <u>Payments</u>	Balance <u>End of year</u>
Note	<u>\$ 190,625</u>	<u>\$ 49,864</u>	<u>\$ 140,761</u>

Eau Claire District Library
Notes to Financial Statements
July 31, 2004

Long-term Debt (continued)

The annual principal and interest requirements through maturity are as follows:

<u>Years ending July 31,</u>	
2005	\$ 18,679
2006	18,679
2007	18,679
2008	18,679
2009	18,679
2010 through 2014	<u>81,351</u>
Total minimum payments	174,746
Less amount representing interest	<u>(33,985)</u>
Net minimum payments	<u>\$ 140,761</u>

Interest – Interest expense of the Library for the year ended July 31, 2004 approximated \$8,820.

Contingent Liabilities

Tax revenue - The Library has received advances from the Berrien County Tax Revolving Fund for delinquent taxes assessed on real property. If those taxes prove to be uncollectible, the Library will be responsible for repayment. Taxes advanced by the county, during the fiscal year ending July 31, 2004 were \$4,831.

Unemployment taxes - The Library has elected to reimburse the Michigan Employment Security Agency for any unemployment benefits paid to former employees.

**Eau Claire District Library
Notes to Financial Statements
July 31, 2004**

**Reconciliation of Fund Financial Statements to Government-wide Financial
Statements**

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance – Modified Accrual Basis	\$ 122,609
Differences in the statement of net assets:	
Capital assets are not financial resources, and are not reported in the funds	532,502
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(144,222)
Compensated absences are included as a liability	<u>(5,057)</u>
Net Assets of General Fund – Full Accrual Basis	<u>\$ 505,832</u>

**Eau Claire District Library
Notes to Financial Statements
July 31, 2004**

**Reconciliation of Fund Financial Statements to Government-wide Financial
Statements (Continued)**

Net Change in Fund Balances – Modified Accrual Basis \$ (11,618)

Differences in the statement of net assets:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Library books and materials	13,678
Capital outlay	14,762
Depreciation	(44,370)

Increase in the accrual for long-term compensated absences reported as an expenditure in the statement of activities, but not in the fund statements	(5,058)
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Repayments of principal are reported as an expenditure in the fund statements, but not in the statement of activities (where it reduces long-term debt)	<u>49,864</u>
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Change in Net Assets of General Fund – Full Accrual Basis \$ 17,258

Eau Claire District Library
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended July 31, 2004

	Originally Adopted Budget	Final Amended Budget	Actual Balances	Over (Under)
Revenues:				
Property taxes	\$ 106,000	\$ 110,133	\$ 110,133	\$ -
Penal fines	85,133	85,133	85,133	-
State aid	3,100	8,342	8,342	-
Fees and book fines	2,050	2,754	2,754	-
Interest	50	428	428	-
Contributions and donations	-	4,733	4,733	-
Community room rental	-	2,200	2,200	-
Total revenue	196,333	213,723	213,723	-
Expenditures:				
Salaries and fringe benefits	98,557	92,133	92,133	-
Capital outlay	-	14,762	14,762	-
Library books and materials	19,735	13,678	13,678	-
Repairs and maintenance	9,201	8,250	8,250	-
Utilities	14,500	11,771	11,771	-
Professional services and dues	5,923	6,032	6,032	-
Office and library supplies	12,564	13,071	13,071	-
Insurance	6,000	5,609	5,609	-
Conventions and workshops	1,200	860	860	-
Miscellaneous	9,953	491	491	-
Debt service:				
Principal	18,700	49,864	49,864	-
Interest	-	8,820	8,820	-
Total expenditures	196,333	225,341	225,341	-
Excess of Revenue over Expenditures /				
Change in Net Assets	-	(11,618)	(11,618)	-
Fund Balance/Net Assets - beginning of year	134,227	134,227	134,227	-
Fund Balance/Net Assets - end of year	\$ 134,227	\$ 122,609	\$ 122,609	\$ -